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THE ALUMINUM INDUSTRY IN THE USSR

In terms of primary aluminum capacity, the USSR has the third largest aluminum industry in the world, following those of the US and Canada. In 1957, however, the output of 555,000 metric* tons of primary aluminum in the USSR was exceeded only by the 1,500,000 tons of the US. Canada, whose output fell to 505,000 tons, some 65 percent of its capacity, was the third largest producer in that year. In 1960, Soviet output is scheduled to exceed 900,000 tons annually, and it is estimated that output in 1965 will be about 1,500,000 tons.

The aluminum industry of the USSR is one of the most modern of the country's industries. Because of the increased wartime demands for aluminum, capacity was expanded during World War II. As a result, the country's output of aluminum during the war rose above the prewar level, whereas output of most other materials fell markedly. Since the war, new plants have been constructed and old ones have been rehabilitated. As of 1957, 11 major plants producing aluminum, alumina, or both have been identified. In addition, the Soviets have announced that other aluminum plants are under construction in Stalingrad, Irkutsk, Krasnoyarsk, Pavlodar, and Myaki (east of Stalinsk). Alumina plants based on the use of nonbauxite ores are under construction in the

* Throughout this report tonnages are given in metric tons.

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Transcaucasus at Kirovabad and in East Siberia at Achinsk. There is, therefore, no doubt that the USSR has every intention of maintaining its position as one of the three largest aluminum producers in the world.

Despite its large production of aluminum, the USSR was a net importer of aluminum from both the Satellites and the Free World until 1955, when exports of aluminum to the Free World exceeded imports for the first time. The year 1955 also marked the beginning of large imports of bauxite from Greece - in previous years bauxite imports from the Free World were negligible. Exports of aluminum to both the Satellites and the Free World increased in 1956, and by 1957 the USSR became a net exporter of aluminum to both the Satellites and the Free World. The value of the Soviet trade in aluminum and bauxite in 1957 in US dollars is shown in the following table. Total bauxite imports were equivalent to about 120,000 tons of aluminum metal, compared with a net export of about 50,000 tons of aluminum metal.

	<u>Satellites</u>	<u>Free World</u>	<u>Total</u>
Aluminum exports	\$22,385,000	\$16,894,000	\$39,279,000
Aluminum imports	\$12,132,000	\$ 3,360,000	\$15,492,000
Bauxite imports	\$ 967,000	\$ 1,000,000	\$ 1,967,000
Excess of exports over imports	\$ 9,286,000	\$12,534,000	\$21,820,000

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The Soviets claim to be using a new technique for the production of aluminum from nepheline (a nonbauxite ore found in great abundance in the USSR) and also that production from nepheline is cheaper than production from bauxite. Nevertheless, the Soviets have increased greatly their imports of bauxite from Greece. In 1954, they imported less than 15,000 tons, but in 1957 about 400,000 tons. In addition, the USSR has imported bauxite from Hungary during most of the postwar period; and the USSR is estimated to have received about 200,000 tons from Hungary in 1957.

Although the USSR became a net exporter of aluminum to the Free World in 1955, Soviet aluminum sales to the West did not receive much attention until 1957. In 1957, the USSR exported about 15,000 tons of aluminum to the UK, and in the first quarter of 1958, about 3,500 tons. Most of the aluminum displaced from the UK market by aluminum from the USSR was that of the Aluminum Company of Canada (ALCAN). The Soviets are known to have penetrated the UK market by selling aluminum at a lower price. Beginning in the latter part of 1957, ALCAN offered its regular customers in the UK a "loyalty" discount. The Soviets countered this proposal by declaring they would sell at 10 percent below the price offered by anyone else. Early in 1958, ALCAN asked for the imposition of antidumping restrictions against the Soviets, which was followed by a reduction in ALCAN's price for aluminum of 2¢ per pound.

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US producers of primary aluminum have complained that some US fabricators have purchased sheet and other mill shapes at reduced prices from European producers who have taken advantage of Soviet price reductions on aluminum ingot. As a result, plans have been made to increase the US tariff on aluminum and aluminum products from the current rate of about 1.3¢ per pound to about 4¢ per pound. To-date, however, no revision has been made in US plans which call for a decrease in the tariff to 1.25 cents as of 1 July 1956.

In view of the USSR's abundance of minerals containing commercial quantities of aluminum and its demonstrated ability to produce and sell aluminum in quantity and at prices competitive with those of Free World producers, we conclude that the USSR is capable of not only maintaining the present level of aluminum exports but also of expanding them significantly. Thus far, the Soviet sales of aluminum to the Free World appear to be mainly, if not solely, for the purpose of acquiring foreign exchange to pay for imports from this area. Exports of aluminum to the Free World will, therefore, probably increase in the near future, because the USSR's need for foreign exchange appears to have been increasing over the past few years, and will probably continue to do so in the future.